

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58 LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on February 5, 2003
at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Rep. Dave Lewis (R)
Sen. Bea McCarthy (D)

Members Excused: None.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Pam Joehler, Legislative Branch
Diana Williams, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Tape counter notations refer to the material immediately preceding.

Committee Business Summary:

Hearing: University of Montana, 3 Units and
College of Technology

Executive Action: None

HEARING ON UNIVERSITY OF MONTANA- 3 UNITS
AND COLLEGE OF TECHNOLOGY

Overview of Agency:

[The heads of the different campuses presented their part in the power-point presentation. With each campuses' presentation, public testimony occurred.]

University of Montana:

George Dennison, President, University of Montana (UM), provided a power point presentation with a corresponding handout. He focused on economic impact, funding trends, and the budget.

President Dennison indicated that graduates of UM-Missoula have a high rate of job success, as well as many Rhodes and Truman scholars have come from UM-Missoula. The school has a commitment to the students to provide a good education at an affordable cost. The projected reduction for UM-Missoula is \$14.2 million or 12% of the total budget.

EXHIBIT(jeh25a01)

{Tape: 1; Side: A; Approx. Time Counter: 1.2 - 15.7}

Dick King, President, Missoula Area Economic Development Association, distributed information on the Montana Technology Enterprise Center and summarized the information for the Committee.

EXHIBIT(jeh25a02)

{Tape: 1; Side: A; Approx. Time Counter: 15.7 - 30}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 5.4}

Jon Swan, Senior majoring in Finance and Economics, said that he grew up in Rocky Boy. He said that education is the Native American's way of survival today as the buffalo was the survival of his ancestors. He said that students are being denied access because of the rise in tuition. He indicated that funding education is an investment, not an expense.

{Tape: 1; Side: B; Approx. Time Counter: 5.4 - 11.1}

Montana Tech:

Frank Gilmore, Chancellor, Montana Tech, continued with the power point presentation (see Pages 12-17, Exhibit 1).

{Tape: 1; Side: B; Approx. Time Counter: 11.1 - 19.9}

Dan Berube, retired engineer and business executive, said that it is short-sighted to reduce State expenditures of higher education below their current levels. It takes good programs and good faculty to attract nonresident students. Money to fund higher education could happen by borrowing from certain "sacred cow" trusts. The legislature is doing what must be done by prioritizing to cope with reduced revenues. Higher education is a high priority need. He asked that the Committee do what they can to reverse the reduction of funding to higher education.

{Tape: 1; Side: B; Approx. Time Counter: 19.9 - 23.1}

Debbie Johnson, student, Montana Tech, said that she is in the Master's Program. She said that every semester her tuition has increased. She said that she is impressed with Tech and her professors.

{Tape: 1; Side: B; Approx. Time Counter: 23.1 - 25.4}

University of Montana-Western:

Steve Hulbert, Chancellor, University of Montana-Western, continued with the power point presentation, (see Pages 18-22, Exhibit 1).

Chancellor Hulbert told of the different programs and partnerships with other agencies. He said that UM-Western is looking for ways to be more efficient.

{Tape: 1; Side: B; Approx. Time Counter: 25.4 - 30.0}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 12.3}

Anne Bianchi, Student, University of Montana-Western, said that she has been given more opportunities as a result of attending a small facility.

{Tape: 2; Side: A; Approx. Time Counter: 12.3 - 14.4}

Steve Hoyle, Dean, University of Montana, Helena College of Technology (UM-HCT), shared how Montana compares with other states in students attending two-year institutions. He said that 80% of the U.S. jobs are dependent on technical and two-year

colleges; only 20% require baccalaureate degree. He shared some of the statistics on programs of the College of Technology. He continued with the power point presentation, (see Pages 23-25, Exhibit 1).

{Tape: 2; Side: A; Approx. Time Counter: 14.4 - 19.9}

Dean Hoyle said that Dick Anderson of Anderson Construction was to speak, but is testifying on another bill. He indicated that Mr. Anderson would have said that 92% of the Helena College of Technology graduates stay in Montana to work and that there is a tremendous return on the investment.

{Tape: 2; Side: A; Approx. Time Counter: 19.9 - 24.3}

Joe Clark, President, Associated Students of UM-HCT, said that the increase in tuition forces students to pursue education out of the state. The goal should be to keep people in the state.

{Tape: 2; Side: A; Approx. Time Counter: 24.3 - 28}

Budget Information Dealing With The Campuses of UM:

President Dennison continued with the power point presentation, (see Pages 26 to 33, Exhibit 1). He went over the survival strategy. He said that cuts to smaller campuses would be devastating. Cuts to larger campuses would cause a reduction in programs and an increase in class sizes.

He distributed information on the impact on budget cuts.

EXHIBIT(jeh25a03)

{Tape: 2; Side: A; Approx. Time Counter: 28 - 30}

{Tape: 2; Side: B; Approx. Time Counter: 0 - 13.3}

Questions from Committee Members and Responses:

REP. LEWIS said that the article that was written by President Dennison discussed the difference between private and public good as far as higher education is concerned. He further said that with the advertising that has occurred for these colleges it has been stated that the individual will at least double his/her income because of that awarded degree from higher education.

REP. LEWIS said that because of this private benefit, there has been some diminished political support among the public for State funding of higher education. He said that the public may be more accepting of tuition increases. The thousand dollar tuition increase may be accepted since the private individual's earning

capacity will be greatly increased because of the State supported degree.

REP. LEWIS further discussed the tuition increases that are occurring around other states. He asked President Dennison what his thoughts were on a tuition increase in comparison with other states, as well as the issue of privatization.

President Dennison said that there is much discussion on privatization. He said that there is not much public understanding regarding the increase in the cost of higher education. Increasing tuition forces young people into making decisions regarding their future.

REP. LEWIS said that the choices are to raise taxes on a population that is 50th in average salary or make the students pay eight or ten percent more. The question is to raise taxes or increase the cost to those who are going to benefit to a fairly significant degree. He asked if there were any other choices.

President Dennison said that the options are to either increase or change the tax structure so that all people who use Montana's infrastructure can make a contribution towards that structure. Higher education benefits all of Montana.

SEN. ESP asked if there would be pay increases in the budget.

President Dennison said that it would depend on enrollment.

SEN. ESP asked what the average tuition is, including the surcharge in 2002.

President Dennison said it would be about \$3,200 with the surcharge which does not include the mandatory fees.

SEN. JOHNSON wanted clarification over what President Dennison meant regarding campuses being wiped out if the funding was left as it is currently appropriated.

President Dennison said that if the University System goes to the 2000 budget level with no tuition increase or a reasonable tuition increase there would have to be some extraordinary measures done, to keep them going.

President Dennison shared some ideas that he had regarding additional resources such as a special levy on communities where campuses are located.

SEN. MCCARTHY asked about health insurance.

President Dennison said that the Governor provided for an increase in health insurance.

CHAIRMAN HEDGES asked about the consequences of closing programs.

President Dennison said that they have done five-year reviews to analyze programs. Prior to closing a program it is important to provide those classes for those students who are expecting to graduate in that program.

CHAIRMAN HEDGES asked about group record keeping systems.

President Dennison said that all of the campuses are on the same system which is the SCT Banner system.

CHAIRMAN HEDGES asked about donations to the Foundation.

President Dennison said that the Foundation receives a lot of private funding. Donors will put money in something that they perceive as valuable.

{Tape: 2; Side: B; Approx. Time Counter: 13.3 - 30}

{Tape: 3; Side: A; Approx. Time Counter: 0 - 12.4}

Public Testimony:

Sarah Cobbler, Associated Students, University of Montana, said that higher education is an opportunity to be self-sustaining. She asked that the Committee restore the Governor's budget. She also asked for funding more financial aid scholarships.

Matt Jennings, Junior, said that he has a vested interest in Montana because this is his home. He said that he wonders how he will pay off the \$20,000 debt from his education. He said that tuition increase is a selective tax.

He supplied a set of letters from University of Missoula students and is Exhibit 4.

EXHIBIT (jeh25a04)

CHAIRMAN HEDGES explained that there are three choices: 1) close programs at the universities; 2) take money from the coal trust savings account; or 3) raise taxes. He asked Mr. Jennings what his recommendation would be.

Mr. Jennings said that there may have to be a revision of tax revenues.

Paul Haber, University of Montana Faculty Association, said that all programs are under scrutiny. The faculty is charged with challenging and nurturing students. The faculty must prepare students for the workforce; enrich students lives and nurture them to ask questions; and educate students to be good citizens. He recognized that the Committee is under a tremendous amount of pressure to balance the budget. He said that carrying a full load and working full time is not conducive to a quality education. He asked that this Committee slow the trend of reduced budgeting for higher education.

Debbie Johnson, from TECH, said that she doesn't see a problem with higher taxes to provide for a better state.

Kyle Engelson, Freshman, University of Montana, said that the tuition increase is a big blow to him since he is a freshman and will be attending school for the next five to six years if he goes through the master's program. He said that he relies heavily on financial aide to cover his costs. He works almost 20 hours a week to cover the cost of books and living expenses. He is concerned about increased tuition and the decrease in financial aide.

Ali Tabibnejad, Associated Students, University of Montana, said that he moved to the United States from Iran four and a half years ago. He has a cousin who attends a college in Georgia and pays only \$1,500 a semester. He said that to pay off his student loans he is sure that he will need to leave Montana, the state that he loves. He said that tax restructuring would be the most viable option.

Kimberly Pappas, Freshman, University of Montana-Missoula, said that she is currently taking 21 credits. She also works 16 1/2 hours a week. She said that she will be graduating with \$20,000 in debt.

Jessica Laferriere, Student, University of Montana, said that she hopes to go to graduate school. Although she gets help from her parents, she knows of others who will be graduating with enormous debt.

{Tape: 3; Side: A; Approx. Time Counter: 12.4 - 30}

{Tape: 3; Side: B; Approx. Time Counter: 0 - 17.8}

Questions from Committee Members and Responses:

SEN. ESP asked President Dennison if he had considered charging less tuition for first-time undergraduate students.

President Dennison said that the University does have a graduated tuition schedule in place. It encourages students to take their general education courses in their freshman and sophomore years.

SEN. ESP asked about privatization.

President Dennison gave an example of his daughter-in-law attending college in Colorado. He said that financial aide has not gone up as fast as tuition.

ADJOURNMENT

Adjournment: 10:50 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh25aad)